

**ASSEMBLY BILL**

**No. 1136**

**Introduced by Assembly Member Maddox**

February 21, 2003

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An act to add Section 1095.2 to the Unemployment Insurance Code, relating to employment.

LEGISLATIVE COUNSEL'S DIGEST

AB 1136, as introduced, Maddox. Unemployment: wage information.

Existing law provides that information obtained by the department in the administration of the Unemployment Insurance Code is for the exclusive use of the director in the discharge of his or her duties, and is not open to the public except as may be specifically provided.

This bill would authorize the disclosure of wage information to private entities for the purpose of verifying information provided by an individual in connection with a specific credit or employment transaction if certain conditions are met. It would provide for civil penalties and civil actions for violations.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1095.2 is added to the Unemployment  
2 Insurance Code, to read:  
3 1095.2. (a) The director may disclose wage information to  
4 private entities for the purpose of verifying information provided  
5 by an individual in connection with a specific credit or

1 employment transaction. The manner and format in which this  
2 information shall be provided shall be designated by the director.  
3 The wage information may be electronically requested by, or  
4 furnished to, the private entity. The wage information shall be  
5 furnished only if all of the following conditions are met:

6 (1) The individual to whom the information pertains provides  
7 written consent to the disclosure before the information is released  
8 to the private entity.

9 (2) At a minimum, the consent contains language disclosing the  
10 following information:

11 (A) The consent to disclose is voluntary.

12 (B) Refusal to consent to the disclosure of state wage  
13 information shall not be the basis for the denial of credit.

14 (C) If consent is granted, the individual's wage information  
15 shall be released.

16 (D) The release shall be only for the specific transaction  
17 identified in the individual's consent.

18 (E) The wage information reported to the state by the  
19 individual's employers will be accessed.

20 (F) A statement indicating all of the parties who may receive  
21 the information released.

22 (3) The release of the information is for a purpose authorized  
23 by, and occurs in a manner permitted by, the United States  
24 Department of Labor.

25 (b) The private entity shall comply with all applicable duties  
26 and obligations of a consumer reporting agency arising under state  
27 or federal law.

28 (c) The director shall establish minimum audit standards,  
29 security standards, technological requirements, and any other  
30 terms or conditions deemed necessary in the discretion of the  
31 director to safeguard the confidentiality of the information  
32 released pursuant to this section and to otherwise serve the public  
33 interest.

34 (d) The private entity shall, prior to the provision of any wage  
35 information, pay all development and other startup costs incurred  
36 by the state in connection with implementing systems and  
37 procedures for disclosure of the wage information. If other private  
38 entities access the wage information, each entity shall pay its  
39 proportionate share of the costs incurred by the state. Each entity's  
40 share will be determined by dividing the total costs incurred by the

1 number of entities receiving the wage information. The private  
2 entity shall also pay a transaction fee in an amount established by  
3 the director for providing this wage information. Proceeds from  
4 the transaction fee shall be used to offset expenditures for ongoing  
5 support of the disclosure of wage information to the private entity,  
6 and the remainder shall be deposited into a separate account and  
7 shall only be used for the proper and efficient administration of the  
8 unemployment compensation program as allowed by the United  
9 States Department of Labor.

10 (e) The private entity shall post a bond in an amount specified  
11 by the director to indemnify the state from any and all liability  
12 arising from the illegal, unauthorized, or otherwise inappropriate  
13 use of the wage information released pursuant to this section.

14 (f) For purposes of this section, “wage information” means the  
15 amount of wages reported by employers as earned by the  
16 individual during the base period as defined in Section 1275, or  
17 any additional periods as agreed to by the director, and the name  
18 or names and address or addresses of record of the employers who  
19 paid those wages.

20 (g) Information obtained from the department by a private  
21 entity pursuant to this section shall be used only to:

22 (1) Verify the accuracy of the wage or employment information  
23 previously provided by an individual in connection with a specific  
24 transaction.

25 (2) Satisfy obligations imposed by applicable fair credit  
26 reporting laws.

27 (3) Satisfy standard underwriting or eligibility requirements or  
28 those imposed upon the private entity.

29 (h) Any use of wage information other than those uses specified  
30 in subdivision (g) shall constitute a violation of this section.

31 (i) Upon the written request of the individual, the private entity  
32 shall make both of the following available to the individual to  
33 whom the wage information pertains:

34 (1) A copy of the wage information that was furnished to any  
35 other entity.

36 (2) An identification of all other entities to which the  
37 information was furnished.

38 (j) Any person or entity who violates any provision of this  
39 section shall be subject to a civil penalty of up to five thousand  
40 dollars (\$5,000). In addition, any person who is injured by a

- 1 violation of this section may bring a civil action to recover
- 2 damages, attorney fees, and costs of suit.

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